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Friday July 22, 1977

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National Intelligence Daily Cable for Friday, July 22, 1977.

The NID cable is for the purpose of informing senior US officials.

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USSR: *New Times* Editorial on US

25X1 [] *An editorial in the current issue of the Soviet foreign affairs weekly New Times suggests that Moscow may be re-assessing its negative commentary on the Carter administration's policies toward the USSR.*

25X1 [] *The editorial, according to a Tass summary, acknowledges that relations are currently "not the best." It states, however, that "hope is not lost in Moscow" that Washington will return to a "constructive line" and that the correct approach will be "not to dramatize this, but to display reserve and patience."*

25X1 [] *The only specific bilateral issues mentioned are the current talks on strategic arms limitations, a comprehensive nuclear test ban, and the Indian Ocean. The editorial says its reason for hopefulness is that "the realities and imperatives of the nuclear age are such that any realistically minded politician will in the long run have to consider them."*

25X1 [] *Since the meeting last May between Secretary Vance and Foreign Minister Gromyko in Geneva, Soviet media have stressed the difficulties plaguing SALT and have painted a pessimistic picture of President Carter's intentions. Most recently, they have seized upon the issue of neutron warheads in depicting a generally toughened US defense policy.*

25X1 [] *Last week, however, in announcing the conclusion of the 11th Dartmouth conference of unofficial representatives of the two countries, Tass noted that they had agreed "to continue to intensify efforts" toward normalizing relations and had expressed the opinion that "there are real possibilities" for progress.* []

WEST GERMANY: Concerns About MBFR

25X1 [] *//West German press reports that Chancellor Schmidt recently said the mutual and balanced force reductions negotiations could take priority over the SALT talks have raised concern among opposition Christian Democrats. They fear Schmidt*

has reversed the long-standing West German expectation that a second strategic arms limitations accord would precede any serious attempt to conclude a force reduction agreement in Vienna.//

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[] //The opposition's views were voiced on Wednesday by Alois Mertes, the party's expert on the force reduction talks and deputy chairman of the parliamentary subcommittee on arms control and disarmament. He warned that Schmidt should not disregard the opposition's concern that quick results in the Vienna talks for political purposes might undermine West European security interests.//

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[] //The West German government has always maintained that the pace of negotiations should be deliberate and Mertes' comments are likely to reinforce pressures within the Social Democratic - Free Democratic coalition to go slow on MBFR. Government officials, moreover, still prefer that a SALT accord come first because it would enable them to assess how an agreement limiting strategic arms would affect allied security interests in Europe.//

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[] //In responding to Mertes, a Foreign Office spokesman denied that Schmidt had jeopardized a substantive connection between SALT and MBFR. At the same time, the official acknowledged that Schmidt had agreed that the allies might consider "in which of these two areas quicker progress might be made."//

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[] //In a separate press interview on Wednesday, the Chancellor said that the "substantive proposals" on force reductions that he presented in Washington had been endorsed by President Carter. He emphasized that the West German position had the full support of Foreign Minister Genscher, a Free Democrat who shares to a certain extent the opposition's reservations about efforts to accelerate the force reduction talks. To allay anxieties among Christian Democrats, Schmidt promised that the government's proposals would be discussed in detail with the other European allies. []

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TURKEY: Government Formation

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[] Turkish President Korumurk yesterday approved Prime Minister Demirel's three-party conservative government, all but ending the country's six-week-old government crisis. The new government, comprised of Demirel's Justice Party, the Islamic-fundamentalist National Salvation Party, and the far right Nationalist Action Party, commands a slim majority in the lower house; barring unexpected defections it should win a vote of confidence sometime late this month. On first analysis, the new government appears no more capable than its predecessors of offering Turkey the decisive leadership it needs.

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[] Demirel's cabinet is similar in many respects to the fractious coalition government he led prior to the recent parliamentary election. It includes three of the four parties in the earlier alliance and, although half the ministers are newcomers, virtually all the holdovers occupy key posts. None of the three parties gives any evidence of having budged from the ideological and tactical positions that led to numerous impasses in their earlier association.

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[] Given these internal disagreements, the odds are high that the government will not last long. Opposition leader Ecevit, who commands nearly a majority in parliament, is certain to do all he can to add to the coalition's troubles.

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[] As expected, Demirel reserved the key foreign ministry and defense portfolios for his own party. Although the Prime Minister and his party are generally inclined toward moderation and conciliation on such foreign policy matters as Cyprus, the Aegean, and relations with the US, there is no promise that the new government's policies will follow the Justice Party's lead.

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[] Salvationist Party leader Erbakan continues to take a hard line on foreign policy, particularly regarding Cyprus. Erbakan may again hold the government hostage, since he could bring down the coalition if his desires are ignored.

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[] The Salvationist leader is highly suspicious of international involvement in Turkey's affairs. He might be in a position to obstruct efforts to satisfy requirements of the

international financial community for belt-tightening measures as a condition for help on critical balance-of-payments problems.

25X1 [] Erbakan gained control of fewer than half the principal ministries concerned with industrial and economic development, his major interest. As deputy prime minister, however, he apparently will oversee both the State Planning Organization and the Interministerial Economic Council and will thus wield considerable influence on economic policy.

25X1 [] Nationalist Action Party leader Turkes, whose youthful right-wing followers have been involved in campus donnybrooks with leftists over the past few years, was denied any cabinet posts relating to internal security. His presence in the cabinet, however, will once again complicate the government's efforts to stem chronic campus violence and associated disorders. []

UK: Split in Communist Party

25X1 [] *//The pro-Soviet faction of the small British Communist Party split from the main party earlier this week and is forming its own "New Communist Party." No evidence of Soviet involvement is yet available, but Moscow probably promised to support the new party. The Soviets may believe they can exploit the split in a small party of no political importance to warn the larger Eurocommunist parties that they too could be weakened by divisions.//*

25X1 [] *//The split resulted from opposition by pro-Soviets to a draft party program sponsored by new Secretary General Gordon McLennan, which drops the concept of dictatorship of the proletariat and pledges the party to pluralism. McLennan, however, has not adopted an anti-Soviet policy; early this month the party executive committee withdrew an invitation to Soviet dissident Zhores Medvedev, who had been asked to address the annual course called the "Communist University of London."//*

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[redacted] //The Communist Party had about 28,000 members before it split. The new party apparently has about 5,000 members; its largest concentration of support is among middle- and lower middle-class party members in Surrey. The group seems to have little backing in Communist pockets of trade union strength in industrial areas.//

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[redacted] //The breakaway leader, Sid French, has been secretary of the Surrey District. In 1968 he opposed the British party's condemnation of the Soviet intervention in Czechoslovakia;

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[redacted] //Soviet officials may have encouraged French to form the new party by promising support, but Moscow is unlikely to give formal recognition to the group. The breakaway party has little chance of growing [redacted]

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[redacted] //The main Communist Party will now be impelled to take a more anti-Soviet course and may seek to improve its fortunes in the future by forming closer ties with the left wing of the British Labor Party. [redacted]

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USSR-US: Middle East Relations

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[] For the past several days Pravda and Izvestia have sharply attacked alleged US and Israeli efforts to prevent an even-handed resolution of the Middle East situation. The leitmotif in both papers has been so-called US opposition to the creation of a Palestinian state and US support for increased Israeli control over the West Bank. Begin has been denounced as an "extremist" and President Carter has been implicitly tagged with intransigence.

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[] The Soviets have been telling Arab audiences that US policy continues to have a pro-Israeli bias and that any notion of differences between the US and Israel is strictly an "illusion." Brushing aside potential US-Israeli differences over the extent of any Israeli withdrawal from Arab territories, Soviet commentators have asserted that the Begin visit has strengthened US support for Israel.

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[] Soviet criticism of US tactics in the Middle East is nothing new, and Moscow may in fact be concerned over the favorable Arab response to the State Department's support for Israeli withdrawal from "all three fronts in the dispute." In the past the Soviets have often acted defensively in the wake of US proposals. President Brezhnev's detailed and relatively moderate statement in March on the terms of an Arab-Israeli settlement, for example, took place only a few days after President Carter's well-publicized address to the UN on the same subject. []

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ALBANIA: Foreign Relations

25X1 [] Albania has approached France for economic and political support. The overture seems to be part of an Albanian opening to some West European countries coinciding with the deterioration in Albania's relations with China. The Albanians are also putting out the message that they are not interested in relations with the USSR.

25X1 [] In making a pitch to the French ambassador in Tirana, Albanian Premier Shehu asserted that Albania is still concerned over Soviet aggressiveness. Shehu praised French President Giscard for advocating a strong French military posture during Soviet President Brezhnev's trip to Paris last month.

25X1 [] The French ambassador reports that the Romanian embassy in Tirana has been attempting to mediate between Albania and the USSR. The two countries have not had diplomatic relations since late 1961; it is possible that Moscow encouraged the Romanians to make an approach to the Albanians.

25X1 [] Albania's approach to France, and its efforts in recent months to increase economic ties with Greece and Turkey, indicate that the Albanians are concerned about their isolation, made worse by problems with China. Last Saturday Tirana signed a civil air transport agreement with Greece that will make Olympic Airways the only noncommunist carrier to have regular service to Albania. Ironically, the Albanians have harshly criticized China for Peking's "opportunistic" attempts to better relations with capitalist states. []

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GUYANA-CUBA: Burnham Visit

25X1 [] Guyanese Prime Minister Burnham is scheduled to arrive in Cuba today for a hastily arranged three-day visit. According to Guyanese Foreign Minister Wills, Cuban President Castro wants to have a general discussion of foreign affairs with Burnham that would focus on trends in Africa, the Middle East, and the Caribbean. For his part, Burnham hopes to enlist Castro's help in securing Soviet backing for him in the Guyanese election next March.

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[] Burnham's trip follows closely a visit to Guyana by Raul Valdes Vivo, a member of the Cuban Community Party's Central Committee responsible for foreign policy matters. Valdes Vivo discussed the situation in the Horn of Africa, sought Guyana's backing for the continued Cuban presence in Angola, and attempted to determine Guyana's likely reaction if Havana were to send troops to defend Rhodesian guerrillas from cross-border attacks. The noncommittal responses Valdes Vivo reportedly received may have prompted Castro to seek a chance to use his own powers of persuasion on Burnham.

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[] Burnham's desire to ensure Soviet support arises from a nagging suspicion that the Soviets prefer his major opponent, the more orthodox Marxist Cheddi Jagan. His suspicion has intensified recently, partly as a result of his difficulties in obtaining financial aid from Moscow.

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[] In addition, following Guyana's improvement in relations with the US in recent months, Burnham feels vulnerable at home to attacks from the left. He is well aware, for example, of moves by young black activists to ally with Jagan's People's Progressive Party, which is supported primarily by Guyanese of East Indian descent. Burnham doubtless reasons that a trip to Cuba will strengthen his credibility with young black voters.

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[] Burnham plans to stop in Jamaica on his way home to brief Prime Minister Manley on his talks with Castro. []

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Sri Lanka:

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[] Sri Lankans yesterday overwhelmingly voted out the incumbent government of Prime Minister Bandaranaike in favor of the more conservative United National Party and its leader, J. R. Jayewardene. Neither domestic nor foreign policies will change radically under Jayewardene--Sri Lanka will remain a pro-Western state within the nonaligned group.

25X1 [] The most recent returns show the United National Party winning 84 of the 168 seats in the legislature; representatives of the Tamil ethnic minority have won 13 seats. Bandaranaike's party has obtained only 3 seats. The Trotskyite and Communist parties, which held a total of 22 seats in the parliament, have not won any seats in the contests declared so far.

25X1 [] Jayewardene has frequently declared that a government led by him would be more interested in solving Sri Lanka's domestic problems--high unemployment and soaring inflation--than in continuing Bandaranaike's role as a Third World leader. []

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USSR-China:

25X1 [] Representatives from the USSR and China signed their annual trade and payments protocol for 1977 yesterday in Moscow. As in past years, the agreement was signed at the deputy minister level, reflecting the relatively small importance that this trade holds for either side. There have been some indications that Sino-Soviet trade this year will fall below the modest level of 1976.

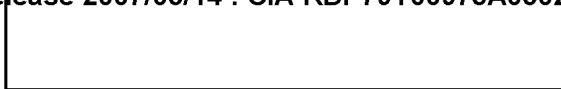
25X1 [] The USSR was the last of the communist countries to conclude a trade agreement with Peking this year, and the signing came two months later than last year's agreement. Differences over prices as well as political problems may have contributed to the delay.

25X1 [] The announcement did not give any monetary figure. Last year's trade amounted to \$417 million, a 50-percent increase over the value of trade in 1975, according to Soviet trade statistics. This increase, however, largely reflected the two countries' agreement last year to realign their prices to world levels. []

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Vietnam-Laos:

25X1 [] The signing this week of a "friendship and cooperation" treaty between Vietnam and Laos formalizes the "special relationship" between the two countries and strengthens Vietnamese influence in Laos. The treaty capped a four-day visit of top-level Vietnamese leaders to Vientiane.



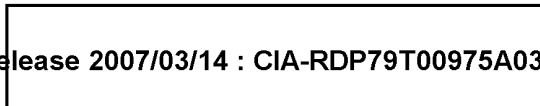
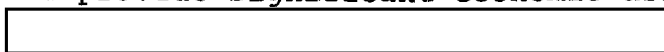
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[] The treaty is worded in generalities that seem to provide Hanoi great latitude in its dealings with Vientiane. It implies that economic and military cooperation will be even closer in the future. Some passages suggest a mutual defense arrangement that could be used to legitimize the presence of the more than 20,000 Vietnamese forces in Laos.

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[] One article calls for the expansion of trade and refers to "mutual assistance" to develop natural resources, but no specific commitments are cited. Hanoi, in any case, will be unable to provide significant economic assistance any time soon.

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